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**FISCAL IMPACT STATEMENT**

**LS 6939**

**BILL NUMBER:** HB 1220

**NOTE PREPARED:** Jan 8, 2008

**BILL AMENDED:**

**SUBJECT:** Transportation Tax Area.

**FIRST AUTHOR:** Rep. Dobis

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill establishes a transportation tax area for the territory within Lake County and Porter County. The bill also provides for an allocation to the transportation tax area from the state Gross Retail and Use taxes collected from the counties. This bill requires the development board of the Northwest Indiana Regional Development Authority to use the allocation for projects related to the West Lake line. The bill also makes an appropriation.

**Effective Date:** July 1, 2008.

**Explanation of State Expenditures:** This bill will cause an increase in administrative expenditures for the Department of State Revenue (DOR). The amount of the increase is unknown. The DOR is required under the bill to determine the total amount of Sales and Use tax that should be allocated from the state General Fund to the development board of the Northwest Indiana Regional Development Authority. The DOR will have to adopt rules and procedures to implement the provisions of this bill.

**Explanation of State Revenues:** This bill will cause a decrease in state General Fund revenues of approximately \$30 M in FY 2009 and \$30.8 M FY 2010. Under the bill, a transportation tax area is entitled to receive 12.46% of the Sales and Use Taxes that are collected in the area and deposited in the state General Fund. The transportation tax area, as defined in the bill, refers to Lake and Porter Counties. The bill also makes an annual appropriation from the state General Fund equal to the amount required to make the allocation of Sales and Use tax. The allocated funds are then paid by warrants issued by the Auditor of State to the Treasurer of State ordering the payments to the development board of the Northwest Indiana Regional Development Authority on or before the 20<sup>th</sup> of each month.

The bill provides for this allocation to continue until the transportation area expires. The area expires on the earlier of the following:

- (1) December 31 of the calendar year in which the bonds, together with the interest on the bonds, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or a proceeding by or on behalf of the holders are fully met, paid, and discharged.
- (2) December 31, 2043.

**Background:** Sales Tax revenue is deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.067%), the Public Mass Transportation Fund (0.76%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

The impact on Sales and Use Tax collections is based on the following calculation:

- (1) Determine the estimated amount of Sales and Use taxes collected in the transportation tax area.
- (2) Multiply the amount from (1) by the state General Fund distribution percentage of 49.067%.
- (3) Multiply the amount from (2) by 12.46%.

**Explanation of Local Expenditures:** This bill will cause an increase in administrative expenditures for the development board of the Northwest Indiana Regional Development Authority. It is estimated that the provisions of this bill could be implemented through the use of existing staff and resources.

**Explanation of Local Revenues:** This bill will increase revenue to the development board of the Northwest Indiana Regional Development Authority by approximately \$30.0 M in FY 2009 and \$30.8 M FY 2010. The bill requires that all of these funds be separately accounted for and used only for the following purposes:

- (1) Providing funding to assist a commuter transportation district in an eligible county in the construction, reconstruction, renovation, purchase, lease, acquisition, and equipping of the West Lake line.
- (2) Using the development authority's funds to match federal grants or make loans, loan guarantees, or grants to facilitate the construction, reconstruction, renovation, purchase, lease, acquisition, and equipping of the West Lake line.
- (3) Exercising any other power or duty of the development authority to facilitate the construction, reconstruction, renovation, purchase, lease, acquisition, and equipping of the West Lake line, including the issuance of bonds, the establishment of reserves, the acquisition of property, and the entering into of leases and other agreements.

As used in provision (1) above, "eligible county" refers to Lake and Porter Counties.

**State Agencies Affected:** Department of State Revenue; Auditor of State; Treasurer of State.

**Local Agencies Affected:** Development board of the Northwest Indiana Regional Development Authority.

**Information Sources:** December 13, 2007, State Revenue Forecast.

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